

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 NIC-01 DRC-01

SCS-03 SCA-01 SY-04 OPR-02 /131 W

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E.O. 11652: N/A

TAGS: ELAB, PINT, PO

SUBJ: LABOR DISPUTE IN U.S. SUBSIDIARY-BLUE BELL
PORTUGAL, INC.

REFS: (A) LISBON 2019

(B) LISBON 1961

(C) LISBON 2506

SUMMARY: THE FIRING OF TWO EMPLOYEES BY BLUE BELL, ANOTHER INCIDENT IN CONTINUED LABOR STRIFE AT THE FIRM, LED TO A WEEK-LONG STRIKE AND FINALLY TO THE FORCED CONFINEMENT IN THE PLANT OF ITS U.S. CITIZEN GENERAL MANAGER. THE MANAGER WAS FINALLY RELEASED AFTER ABOUT TWELVE HOURS THROUGH THE GOOD OFFICES OF THE EMBASSY AND THE FORTHRIGHT INTERVENTION OF GOP AUTHORITIES. BLUE BELL AT PRESENT IS SERIOUSLY CONSIDERING SHUTTING DOWN ITS PORTUGUESE OPERATION, THUS ADDING MORE THAN 300 TO THE ROOLS OF THE UNEMPLOYED.

1. AFTER MORE THAN FOUR MONTHS OF SIMMERING LABOR PROBLEMS, INCLUDING AT LEAST ONE WILDCAT STRIKE AND
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TWO SEPARATE LOCK-INS OF U.S. MANAGEMENT PERSONNEL,

BLUE BELL OF PORTUGAL, INC. (BB), (A SUBSIDIARY OF BLUE BELL INC. OF GREENSBORO, NORTH CAROLINA, WHICH MANUFACTURES WRANGLER JEANS) WAS STRUCK AGAIN ON AUGUST 26. THE IMMEDIATE CAUSE WAS THE FIRING OF TWO FEMALE EMPLOYEES, ONE BECAUSE OF "CONSTANT AGITATION" AND THE SECOND FOR "MINOR ACTS OF SABOTA". THE MORE BASIC CAUSE OF BB'S LABOR PROBLEMS IS THE WORKERS' DEMAND TO CHANGE THE PAY SYSTEM TO A PREDOMINATELY BASE SALARY SYSTEM INSTEAD OF A PREDOMINATELY PIECE-WORK SYSTEM. BB CONTENDS THAT SINCE APRIL 25 IT HAS RAISED SALARIES TO ABOVE THE LEGAL MINIMUM WAGE AND GENERALLY IMPROVED ALL ASPECTS OF WORKING CONDITIONS. HOWEVER, ACCORDING TO THE SALARY SYSTEM DEMAND WOULD REDUCE PRODUCTION INCENTIVES AND THE INCREASED COSTS WOULD MAKE PROFITABLE OPERATIONS IMPOSSIBLE.

2. AT NOON ON FRIDAY, AUGUST 30, ABOUT 300 WORKERS MILLING AROUND OUTSIDE THE PLANT SENT AN ULTIMATUM TO THE U.S. MANAGER THAT HE AGREE TO THEIR DEMANDS BY 3:00 P.M. OR THEY WOULD LOCK HIM INSIDE. AFTER REJECTING THE DEMANDS THE MANAGER REQUESTED EMBASSY ASSISTANCE IN OBTAINING HELP FROM THE GOP AUTHORITIES. THE EMBASSY CONTACTED KEY PERSONNEL AT THE LABOR AND INTERNAL ADMINISTRATION MINISTRIES. THEY WERE APPRISED OF THE SITUATION AT THE PLANT AND INFORMED OF THE EMBASSY'S CONCERN FOR THE SAFETY OF THE BB MANAGEMENT. POLICE AND MILITARY AUTHORITIES WERE ALERTED BY THE MINISTRIES AND A SMALL CONTINGENT OF POLICE WAS DISPATCHED TO THE SCENE.

3. AFTER A FURTHER SERIES OF CALLS BETWEEN BLUE BELL, THE EMBASSY AND THE GOP WHICH LASTED UNTIL EARLY SATURDAY MORNING, THE BB MANAGEMENT WAS ESCORTED FROM THE PLANT BY 50-60 GOP MARINES AT 3:00 A.M. THERE WAS NO PHYSICAL VIOLENCE AND NO INJURIES.

4. BB WORKERS RETURNED TO WORK SEPTEMBER 2 AND PRODUCTION DURING THE FIRST TWO DAYS OF THE WEEK WAS ABOUT 80 PER CENT OF NORMAL. HOWEVER, TENSION LIMITED OFFICIAL USE

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IN THE PLANT IS EXTREMELY HIGH. THE BB MANAGER IS INVOLVED IN ALMOST AROUND-THE-CLOCK NEGOTIATIONS AND HAS INSTRUCTIONS FROM THE EUROPEAN DIVISION OFFICE (BRUSSELS) NOT TO RETURN TO THE PLANT. HE WILL ALLOW THE PORTUGUESE SUPERVISORIAL STAFF TO RUN THE OPERATION TEMPORARILY. EMBASSY HAS ARRANGED A MEETING BETWEEN BB OFFICIALS AND MINISTER OF LABOR FOR SEPTEMBER 10.

5. ACCORDING BB MANAGER, THE BRUSSELS OFFICE HAS DECIDED TO PERMIT THE PLANT TO OPERATE ANOTHER MONTH TO SEE WHETHER MEETINGS AT THE LABOR MINISTRY CAN RESOLVE THE LABOR PROBLEMS. BB WOULD LIKE TO TERMINATE ABOUT 20 PEOPLE WHO IT DESCRIBES AS "HARD-CORE MALCONTENTS." ANOTHER 20 PERSONS PERFORMING SUPPORT TASKS (JANITORIAL, OFFICE, ETC.) MAY HAVE TO BE TERMINATED DUE TO COST CONSIDERATIONS. THE FIRM REMAINS ADAMANT THAT IT CANNOT AGREE TO CHANGE THE SLARY SYSTEM. RESPONSE TO THESE BB POSITIONS BY THE GOP, THE READINESS OF THE GOP TO APPLY THE RECENTLY-PASSED LABOR LAW, AND THE ATOMSPHERE AT THE PLANT WITHIN THE NEXT MONTH WILL DETERMINE WHETHER BB WILL CONTINUE TO OPERATE IN PORTUGAL. THE MANAGER STATES HE IS NOT OPTIMISTIC.

6. COMMENT: DEMANDS OF THE WORKERS APPEAR TO HAVE BEEN SOMEWHAT EXTREME. THE PRESENT SET OF DEMANDS UNDER NEGOTIATION IS REPORTEDLY THE THIRD SET WITHIN THE LAST FOUR MONTHS. BB OFFICIALS ADMITTED PROVOKING THE LATEST CONFRONTATION BY FIRING THE FEMALE EMPLOYEE. THEIR IDEAS WAS TO TEST THE WILLINGNESS OF THE GOP TO PROTECT MANAGERIAL PEROGATIVES AND TO IMPLEMENT THE RECENTLY-PASSED LABOR LAW. ALTHOUGH NOT SATISIFED WITH THE GOP RESPONSE TO THE CONFRONTATION, THE BB MANAGER DID STATE THAT THE GOP SHOWED MORE RESOLVE THAN ON PREVIOUS OCCASIONS.

7. THIS TYPE OF INCIDENT HAS BECOME MUCH LESS PREVALENT THAN DURING THE MONTHS IMMEDIATELY FOLLOWING THE REVOLUTION (SEE REFTEL B AND C).
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IN FACT, AS FAR AS THE EMBASSY IS AWARE ALL OTHER U.S. MANUFACTURING FIRMS HAVE OPERATED NORMALLY SINCE THEY RETURNED TO WORK FROM THE TRADITIONAL AUGUST VACATIONS.
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